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## FISCAL UPDATE Article

Fiscal Services Division

May 10, 2018



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Des Moines, Iowa 50319

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### END OF SESSION — SF 475 — EDUCATION OMNIBUS

**Description.** [Senate File 475](#) (Education Omnibus Act) makes a variety of changes to the Iowa Code regarding education. Of the seven divisions of the Act, two will have a fiscal impact; two may have a fiscal impact, but the extent of fiscal impact is indeterminable; and three are expected to have little or no fiscal impact.

- Fiscal impact: Divisions II, VII
- Possible, but indeterminable fiscal impact: Divisions I, IV
- Little or no fiscal impact: Divisions III, V, VI

Divisions I and IV pertain to provisions regarding open enrollment in online academies. Division I rescinds the limitations on the statewide number of students open-enrolled in and receiving their education through a primarily online method. Division IV creates a provision that the resident district of an open-enrolled student may retain up to \$400 per year, calculated as \$200 per cocurricular or extracurricular activity at a maximum of two activities per year, for the purpose of a student's participation in these activities.

Division II relates to concurrent enrollment in community college classes and creates an exception to the "supplement not supplant" requirements under Iowa Code section [257.11](#) for one or more career and technical education (CTE) classes falling under a single technical educational area. For example, under Division II, if a school district offers both a series of agriculture classes and a series of nursing classes, only one series will be eligible for supplementary weighting. Under current law, a school district may contract with a local community college to offer CTE, math, liberal arts, and science courses, which generates supplementary weighting in the school aid formula aimed at covering part of the cost of those classes. CTE classes offered under these agreements are not eligible for supplementary weighting if they are supplanting other courses required under Iowa Code section [256.11](#). Under this Division, if the class is supplanting an "offer and teach" required class, it will be eligible for supplementary weighting, generating funds for schools within the school aid formula, if the class has more than five students enrolled and if the school district has fewer than 600 students enrolled and meets all other requirements.

Division III of the Act creates a working group to review the best practices for implementing necessary student health screening while reducing administrative requirements for school districts. In 2007 and 2008, the General Assembly enacted requirements that parents have their children's dental (2007) and vision (2008) health screened before their children begin attending school. These requirements were last updated in 2013.

Division V creates a biliteracy seal for high school graduates showing proficiency in a second language.

Division VI requires that any guidance issued by the Department of Education, the State Board of Education, or the Director of Education be consistent with an underlying statute or rule, and

that the guidance itself is not legally binding unless required or reasonably implied by a statute, administrative rule, or other legal authority.

Division VII amends Iowa Code section [256.11](#) to require that all school districts in the State offer at least one-half unit of personal finance literacy. All students must complete the financial literacy course as a condition of graduation from an Iowa high school. The course must cover the following: savings, purchasing, wealth building, investment, compound and simple interest, real estate, mutual funds, annuities, college planning, long- and short-term investment, credit and debit, consumer awareness, financial responsibility, and insurance, among other requirements.

This Division was amended by [SF 2415](#) (FY 2019 Education Appropriations Act), which has not yet been signed by the Governor. If [SF 2415](#) is enacted, [SF 475](#) will be amended to allow the course to count as a social studies credit and allow the course work to be covered in math, social studies or CTE course work.

**Fiscal Impact.** Table 1 outlines the fiscal impact of [SF 475](#). For FY 2019, the fiscal impact of the Act cannot be determined. In FY 2020, the beginning of eligibility of CTE classes for supplementary weights is estimated to result in an estimated net increase in General Fund expenditures between \$118,000 and \$183,000 via school State aid. There will also be an expected fiscal impact to school districts as districts ramp up the financial literacy class requirement; however, the total cost of that requirement as amended by [SF 2415](#) cannot be determined at this time. The table reflects the original estimated cost for that Division.

**Table 1**  
**Estimated Fiscal Impact of All Divisions**

Division	Provision	Fiscal Impact — FY 2019	Fiscal Impact — FY 2020
I	Online Education, Open Enrollment	Fiscal impact cannot be determined	Fiscal impact cannot be determined
II	Concurrent Enrollment, CTE Exception	No expected fiscal impact	Increase, estimated \$ 118,000 - \$ 183,000
III	Student Health Working Group	No expected fiscal impact	Not applicable
IV	Open Enrollment, Extracurricular Activity Fee	Fiscal impact cannot be determined	Fiscal impact cannot be determined
V	Department of Education — Biliteracy Seal	No expected fiscal impact	No expected fiscal impact
VI	Limitation on Department of Education Guidance	No expected fiscal impact	No expected fiscal impact
VII	Financial Literacy Course for Graduation Requirement	No expected fiscal impact	School district expenditures, estimated \$ 1,600,000 - \$ 2,200,000
Total Estimated Impact			<u>\$ 1,718,000 - \$ 2,383,000</u>

**Enactment Date.** This Act was approved by the General Assembly on April 2, 2018, and signed by the Governor on April 17, 2018.

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